

# Governor's Recommended Budget: Capital

House Appropriations Committee on Capital

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# Topics of Discussion

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- Capital Budget Overview
- General Fund and Receipt Project Overview
- Selection Criteria for Limited Obligation Projects
- Impact on Debt Service
- Items in Governor's Proposed Budget Provision Package



# Capital Budget Summary

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Source of Funds	FY 2017-18	FY 2018-19	Percent of Total
General Fund	\$23,141,000	\$0	5.1%
Receipts	\$54,289,900	\$21,937,000	16.9%
Limited Obligation Bonds (State Agency)	\$175,749,000	\$0	39.0%
Limited Obligation Bonds (University)	\$175,000,000	\$0	38.9%

Location	Amount	Percent
Wake County	\$101,859,300	22.6%
Outside of Wake County*	\$348,255,600	77.4%

\* Includes "Statewide" items



# General Fund And Receipt Projects

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- Fully Funds the State share of Water Resources Development Projects
- Provides necessary supplements to Connect NC Bond Projects at North Carolina Central University and the National Guard
- Updates State Capital Master Plan
- Provides funds for the National Guard helipads
- Repairs the Green Square Complex Glass Issue
- Continues the success of Justice Reinvestment by providing an additional Confinement in Response for Violation facility
- Authorizes the entirety of State Agency receipt requests



# State Debt Affordability

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- Debt Affordability for North Carolina (Millions of Dollars)

	2017-18	2018-19	2019-20	2020-21	2021-22
Funds to Unfunded Liabilities	\$153.3	\$140.4	\$139.0	\$158.2	\$206.1
Total Additional Debt Capacity per Year	\$1,268.3	\$56.3	\$39.7	\$40.9	\$42.2
Debt Capacity Available each and every Year	\$181.0	\$181.0	\$181.0	\$181.0	\$181.0

- State has \$577 million in non-General Obligation debt capacity (25% of authorized General Obligation debt)
  - Proposal retains \$226.3 million of capacity for necessary emergencies



# State Agency Limited Obligation Bonds

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## Selection Criteria for State Agency Limited Obligation Projects:

- \$175.7 million in Limited Obligation Bonds
  - Projects must be over \$2.5 million
  - Projects must be a full building renovation, infrastructure renewal, or new construction to replace a building
  - Evaluated using OSBM Criteria



# State Agency Limited Obligation Bonds

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## State Agency Capital Project Evaluation Criteria

Prioritization Category	Criteria	Indicator/Definition
<b>Critical Evaluation Criteria</b>		
Federal State Mandate	Federal/State Mandates	Is the project required by federal or State statute, court order, or regulation, or does project move an agency/institution into further federal compliance? (5 Points)
Health and Safety Considerations	Reduce Hazards and/or Deficiencies in Existing Facilities	Does the project address documented critical life safety issues? (5 Points)
<b>Strategic Evaluation Criteria</b>		
Strategic Alignment	Governor's Strategic Goals/Objectives	Does the project advance the Governor's strategic objectives and statewide goals? (10 Points)
Strategic Alignment	Agency's Strategic Goals/Objectives	Priorities 1 to 5 = 6 points, Priorities 6 to 10 = 3 points
Economic Development	Economic Development	County (Tier 3 = 0 points, Tier 2 = 1 point, Tier 1 = 2 points)
<b>Agency Capacity</b>		
Capital Capacity	Prior Capital Funds	Did the agency receive Connect NC Bond Funding? (2 points if "No")



# UNC Limited Obligation Bonds

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## Selection Criteria for UNC Projects

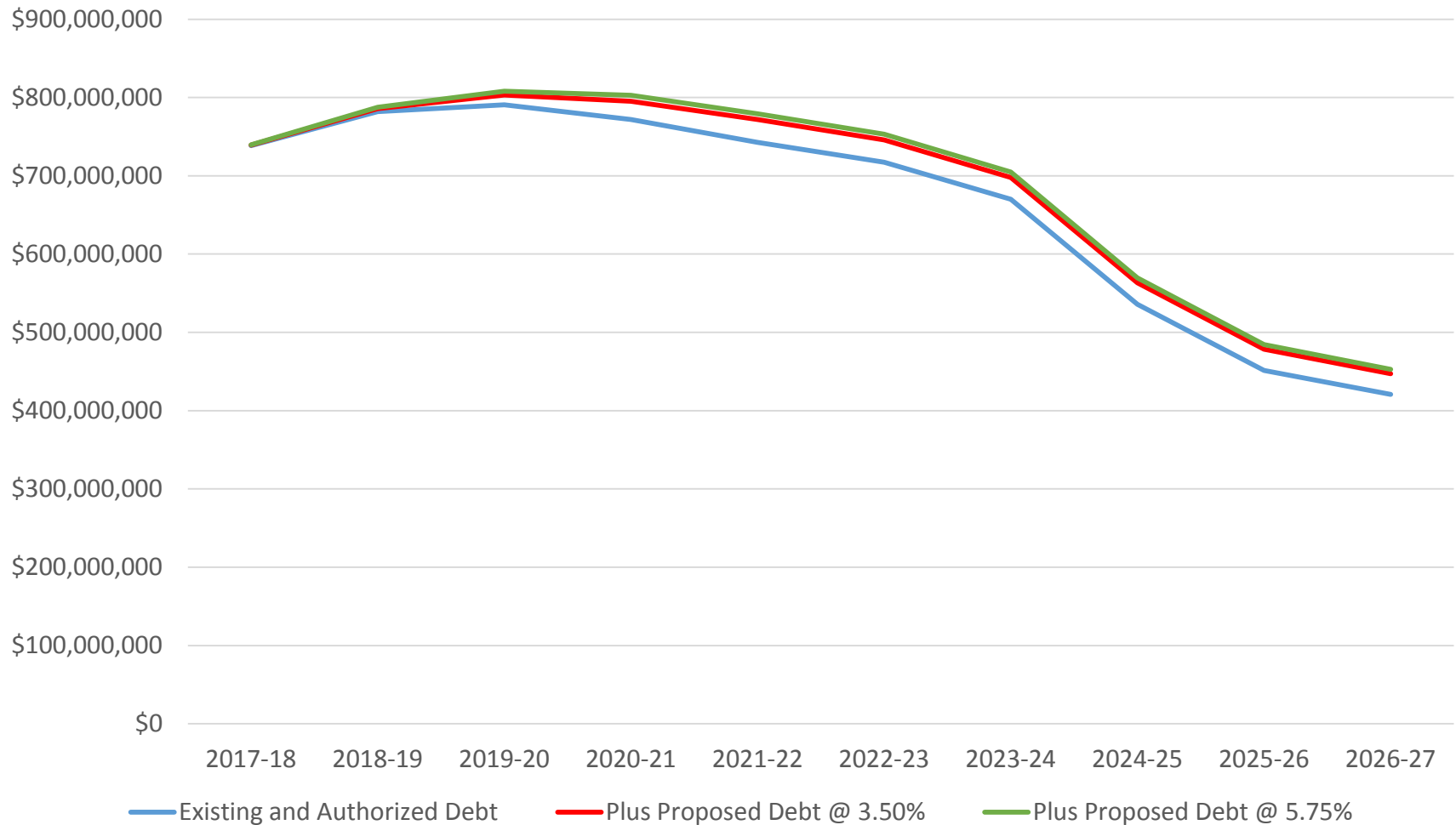
- \$175 Million in Limited Obligation Bonds for Targeted Renewal efforts
  - Used List provided at January 2017 UNC BOG Meeting
  - Reviewed both New and Targeted Renewal requests
  - Projects must be full building renovation or infrastructure renewal
  - Projects must be over \$2.5 million in cost
  - Projects had to be under an amount so that every Constituent Institution received a project
  - Project priority rating drove the process





# Impact on Debt Service

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Estimates made by the Office of State Budget and Management



# Proposed Provisions

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- Maintains an equal distribution of repairs and renovations funds for UNC and State Agencies
- Provides Agency and UNC flexibility for repairs and renovations funds from operating sources
  - Allows Agencies to use up to \$500,000 in operating funds
  - Allows UNC Campuses to up to \$1 million in operating funds
- Defines capital projects at over \$100,000 in cost
- Allows the Department of Administration access to bond proceeds for Connect NC administration
- Removes a requirement that UNC use receipts to advance plan projects prior to requesting State funds



# Questions and Contact Information

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